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AUTHOR Carty, Walter V.
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ABSTRACT

This speech calls for a new concept of corporate communication that acknowledges public opinion as the final controlling force in society. Candor and credibility govern the methods outlined in the speech for conducting press conferences and for improving communications with the press. The speech asserts that the survival of free enterprise depends on whether business can convince the public that its policies and actions do promote the common good. (MAI)

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HOW CORPORATIONS CAN CASH IN ON GOOD BUSINESS MEDIA RELATIONS

Remarks by
Walter V. Carty
Senior Vice President
Hill and Knowlton, Inc.

Before
New York University-PRSA
Business-Financial
Media Relations Seminar
Mark Hopkins Hotel
San Francisco

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Walter V. Carty heads the Corporate/Financial Media Relations Department of Hill and Knowlton, Inc. The company, established in 1927, provides a full range of public relations and public affairs counseling services to corporations, trade and professional associations, institutions, and governments through domestic and overseas offices. This talk was given in San Francisco on October 22, 1975.

Hill and Knowlton, Inc.
633 Third Avenue
New York, N.Y. 10017

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Highlights of the Talk

"The typical corporate chieftain is a self-made man. He has worked long and hard hours to reach the pinnacle. His background most often is finance or sales, engineering or law. He has a specially-shaped head that seeks the pragmatic solution, that is impatient with the esoteric. Truth to tell, his prime motivations have been very human: money, power and fame. To some men who run our corporations, public relations is something to be 'put up with,' intangible operations run mostly by ex-newspapermen who have the ability to make their speeches sound good and their Annual Reports reasonably palatable. The crisis of 1975 instantaneous communications—when five unfavorable lines in *The Wall Street Journal* can seriously hurt a five-hundred-million-dollar corporation—is, in some cases, just beginning to get through to the corporate consciousness."

"*As the head of the company views the developing new breed of communications/public affairs strategist—a man or woman who not only understands the media but has a grasp on economics, can read and understand the balance sheet, knows his way around Washington and can fathom a problem and see it in its full context of legal, governmental, social and economic ramifications—he will recognize public relations as a vital aid of management. The smart CEO sees the necessity of the concept but often does not see around him the public relations people who can implement the concept. Why else have some companies turned to lawyers to supervise their public relations departments?*"

"What I'm trying to say, of course, is that year-by-year our professionalism has grown steadily, starting way back with the Industrial Revolution. Yesterday's gentleman farmer is today's corporate entrepreneur. The man or woman who might have been a 19th century novelist or teacher may now be shaping the business-financial pages. And the pamphleteer, the very type who turned out the

Federalist Papers, is the public relations professional of the last half of this century. People don't really change fundamentally, only the circumstances of their lives do."

"What is full disclosure when the Securities and Exchange Commission seems to be less than flexible in its requirements? How can you avoid footnotes with LIFO, fully-diluted earnings and lawyers who keep tracking up your copy? And can you always be certain what crosses your desk is absolutely authentic when acquisitions are hovering in the background steeped in frustrating but necessary mystery, when the board room door suddenly opens and someone says: Get this on the wires immediately!"

"I know of some public relations people who relish the fact that they're 'free of all deadlines' now that they're away from the battle line of the City Room. All I can say is that the public relations operation where the carpets are too deep and the desks too shiny is headed for extinction. In this day and age when every dollar has to be watched carefully, no company or client is going to keep paying people who are not relating with the public. How can you properly counsel if you don't know what's going on in the world?"

How Corporations Can Cash In On Good Business Media Relations

The setting was a smart New York club off Fifth Avenue, one of the last bastions of male solidarity.

The business dinner was over and a small group of us was gathered in the walnut-paneled library. The leather-covered seats fit like a glove. The air was filled with the pleasant pungency of cigars and Grand Marnier.

"Do you think Villanova will take Army tomorrow?" asked someone.

"The question I'm concerned with is whether there'll even *be* a game!" came the answer. The East Coast for five days had been deluged by the wrath of Eloise, with both Fay and Gladys waiting in the wings.

The conversation turned back, inevitably, to business. The first man speaking was the Communications Vice President for one of the top *Fortune* 500 companies.

"We've changed so much during the past five years," he said. "There was a time we had to live with newspapermen, but fortunately we've advanced to the point where 90 percent of our activity is involved with strategy. Company statements speak for themselves."

Danger In Being "Above It All"

He reminisced about the press agentry aspects of his earlier days. "I don't think that today I know a single editor by his first name," he said proudly.

One week after this conversation the chief executive officer of the company represented by this man was spotlighted in a major magazine in a piece that tore the company apart. No sooner had the smoke lifted than a nationally-read newspaper published a series of articles that seriously damaged the company's reputation.

Trading of the company's stock was halted. Shareholders poured irate letters into the executive suite. Wire services hummed with the unhappy news and into the living rooms of most American homes tumbled the story of the big bad company. The company now wonders if it can move its Annual Meeting from New York to "East Overshoe."

In both cases, the company had been offered the opportunity for interviews and backgrounders. But believing it was "above it all," the opportunities were turned down. The media then turned to security analysts, other companies in the industry and even ex-employees.

Shape of Corporate Chief's Head

This situation is not all that isolated. In "letting company statements speak for themselves," they had tried to operate divorced from the reality and the necessity of that old-fashioned function: press relations. In their efforts to become strategists, they had dropped the ball.

It is not too difficult to trace how some corporations have reached this impasse in their corporate policies and communications activities.

The typical corporate chieftain is a self-made man. He has worked long and hard hours to reach the pinnacle. His background most often is finance or sales, engineering or law. He has a specially-shaped head that seeks the pragmatic solution, that is impatient with the esoteric. Truth to tell, his prime motivations have been very human: money, power and fame. To some men who run our corporations, public relations is something to be "put up with," intangible operations run mostly by ex-newspapermen who have the ability to make their speeches sound good and their Annual Reports reasonably palatable. The crisis of 1975 instantaneous communications—when five unfavorable lines in *The Wall Street Journal* can seriously hurt a five-hundred-million-dollar corporation—is, in some cases, just beginning to get through to the corporate consciousness.

The typical public relations man is an entirely different kettle of fish. He most frequently is a liberal arts major who once wrote for a living. His basic creativity is not usually attuned to the financial. He is often gregarious, frequently well-read, and the corporate bottom line is important to him but he is content not to be responsible for it. He often believes that public relations holds all the answers (which is not true), that his boss has a blind spot for not letting him sit in on board meetings, and, really, that things are fairly simple when you get your priorities in order.

Antipathy Between CEO and PR

Allowing for the exceptions that come to mind as we depict these two prime movers—exceptions like the CEO whose non-working hours are devoted to teaching in the ghetto, the public relations officer who indeed sits on the board and who indeed shapes company policy in a most significant way — I think you'll agree that stereotypical as they are, these two figures will serve fairly well for illustration's sake.

Human nature, training and experience being what they are, there has to be, in many cases, a subtle built-in antipathy between the two. The CEO usually does not see his public relations man one day taking over the company, as indeed he may his legal or financial or sales Vice President. On the other hand, the public relations man believes his boss is perhaps insensitive, unable or unwilling to see the "big picture" in the world court of public opinion.

Can ever the twain meet? Of course they can, and it is happening increasingly in recent years. As the head of the company views the developing new breed of communications/public affairs strategist—a man or woman who not only understands the media but has a grasp on economics, can read and understand the balance sheet, knows his way around Washington and can fathom a problem and see it in its full context of legal, governmental, social and economic ramifications—he will recognize public relations as a vital aid of management. The smart CEO sees the necessity of the concept but often does not see around him the public relations people who can implement the concept. Why else have some companies turned to lawyers to supervise their public relations departments?

Company No Longer Fiefdom

The CEO himself is changing, too. He knows increasingly that the corporation is not a fiefdom unto itself, that it must stand up to scrutiny of the media, of protesting shareholders, of determined, ambitious legislators, of organized consumers and environmentalists, and, most recently, of employees themselves who realize the company cannot exist without them.

Put the media on the stage with these two characters, and you have one of the most vivid dramas now being played before a watching world.

The newspaperman or woman or broadcaster has changed as well. No longer can the martini facilitate the translation of corporate thought into printed word or visual image. Nothin' but the facts, ma'm. And those facts better stand up to probing and, when woven together, present a story that will be meaningful in today's competitive struggle for attention—and hold the reader's interest as well.

New Scene with Media

No longer is the newspaper office peopled by friendly sou'ls who will take a handout and slap a headline on it. Bernstein and Woodward brought down the White House, and many a newspaperperson now has at least one eye on the Pulitzer Prize.

No longer, either, will you find that newswriter a graduate of the publication's morgue. If he hasn't been a Neiman Fellow at Harvard, he at least may have a graduate degree or a book to his credit.

What I'm trying to say, of course, is that year-by-year our professionalism has grown steadily, starting way back with the Industrial Revolution. Yesterday's gentleman farmer is today's corporate entrepreneur. The man or woman who might have been a 19th century novelist or teacher may now be shaping the business-financial pages. And the pamphleteer, the very type who turned out the *Federalist Papers*, is the public relations profes-

sional of the last half of this century. People don't really change fundamentally, only the circumstances of their lives do.

Which brings us all to where we are today in this splendid chamber of the Mark Hopkins.

Of the many tasks with which you're faced, the primary one for most of you registered for this seminar is to present the best face of your company, association or client. The best face, let me tell you right away, is the honest face. Comply with full disclosure requirements, present the financial and corporate facts without frills or unnecessary footnotes, keep up with the deadlines and never varnish the truth, and you'll be a reasonably happy and quite competent public relations person.

Media Part of Power Structure

But it is not always that easy. What is full disclosure when the Securities and Exchange Commission seems to be less than flexible in its requirements? How can you avoid footnotes with LIFO, fully-diluted earnings and lawyers who keep tracking up your copy? And can you always be certain what crosses your desk is absolutely authentic when acquisitions are hovering in the background steeped in frustrating but necessary mystery, when the board room door suddenly opens and someone says: "Get this on the wires immediately!"

You don't want to be merely a conduit between the executive suite and the media. You don't want to have to say your superiors are in transit when that means they're somewhere between the lobby and Mahogany Row. We all have to live with the facts of life and no one is more aware than our faculty members today. They represent some of the most powerful publications in the world. Living with power, they must abide by its rules as much as anyone. For instance, *The New York Times*, newspaper of record as it is (and deservedly proud of that distinction), cannot be chided when it puts only its best foot forward when the swinging searchlight of scrutiny stops at its doorstep. Like *The Wall Street Journal*, *Business Week*, *Newsweek*, Reuters, the UPI, *Los Angeles Times*, *California Business* and *Barron's*, it is a corporation itself.

So when you ask questions today of the top-flight people representing these eight disseminators of

news, you can be comforted by the fact that they are not isolated from the reality of proprietary information. Let's face it: the day when *all* is laid bare will never come in this world.

Be Careful with Press Conferences

Based on my own experience as the head of the business-financial media relations unit of the world's largest public relations firm, counseling and servicing some 150 giant, medium-sized and small corporations, associations and institutions, I'd like to offer what I believe is a little practical advice:

1. Try to expose your top people continually to the media.
2. Keep your company or client updated on the rapidly-changing backdrop to the increasingly-important world of business-financial media relations.
3. Stay as best you can on top of the constant changes in regulations coming out of Washington.
4. Use press conferences sparingly, but expand your use of the editorial briefing.
5. Expunge all traces of puffery from your written materials.
6. Live with deadlines as if you were the business editor himself.
7. Try to keep more than your client or company in the forefront of your mind as you perform your everyday duties; there's a great big world out there comprised of investors, consumers and just plain folk.
8. Don't let anyone "put you down," saying that you're only a communicator; if you're doing your job properly, you're counseling and mapping strategy every day of the week.

Now, let's look at each one of these recommendations briefly. In most cases, I'll couch my amplification in illustrations drawn from personal experience, which after all, is the most valid of all resources if it emerges from the truly authentic.

Direct Contact with Editors

I cannot stress too greatly the priority you should give to face-to-face meetings of your company and client chieftains with editors, writers and publishers who help shape and inform the public mind. Your CEO and his advisors may be a bit gun-shy because they got burned before through distortions or omissions. If they stay in the closet, however, they'll pay a terrible price. Falsehoods and conjectures thrive in a vacuum. You, the catalyst, must bring the corporate and media minds together so that trust and confidence can flourish.

I'll cite a specific instance. A client of mine some years ago was continually described by one of the newsweeklies as "sickly" and "ailing." Customers were wary, shareholders disturbed, employees dubious, security analysts highly skeptical, editors cynical. A great deal of the malaise could be traced to the constant quotes from the incessantly unflattering series of articles published by this one powerful magazine.

I managed to buttonhole the editor going home on the train one night. Our discussion led to dinner. It was clear that he was the culprit. As the final copy arrived on his desk, he would insert the disastrous adjectives. "You can't convince me that company is well-managed!" he said.

I arranged a meeting between the editor and my client. The editor's staff peppered the CEO with tough-minded questions. He never flinched. Every corporate rock was lifted. Realization dawned on my editor-friend and his people that here was a man knocking himself out to put the whole company together. Within a month, the magazine published one of its longest corporate profiles about my client. It read almost like advertising copy. In due time, all the negative elements changed. This particular CEO still says: "That story was the turning point!"

Deep Carpets, Shiny Desks

How do you keep on top of the chameleon changes about security regulations emanating from the nation's capital? We're fortunate at our firm that we have a large Washington-based staff and a group of specialists in New York, several of them lawyers, who monitor and interpret the situation daily. Some corporations have similar arrangements. For

the smaller company or counseling firm, your best bets are the leading journals and magazines and especially the many excellent newsletters. Read them faithfully and you'll keep informed.

Some public relations people believe a press conference should be called whenever there is "news." Don't fall into that trap, or you'll become the boy who cried wolf too often. The editorial briefing or backgrounder could be your answer where matters are aired, questions pinned down, and the media kept abreast of new developments without the circus-and-bread atmosphere—and the responsibilities—of the press conference. Before calling a press conference, ask one question: "Is this the cancer-cure in this area?"

Not a line should emerge from your company or client that is not a fact, as best you can determine. Leave the selling to the marketer and the advertiser. One puff too many and you may become breathless.

I know of some public relations people who relish the fact that they're "free of all deadlines" now that they're away from the battle line of the City Room. All I can say is that the public relations operation where the carpets are too deep and the desks too shiny is headed for extinction. In this day and age when every dollar has to be watched carefully, no company or client is going to keep paying people who are not relating with the public. How can you properly counsel if you don't know what's going on in the world?

Patty Hearst No Accident

I do sincerely believe that the attitude "The public be damned!" has pretty much disappeared from the corporate scene, but it still can be difficult to keep the public in mind when your boss keeps hammering away at viewpoints that are totally self-serving. He, you and the company will inevitably suffer if attention isn't paid to the social evolution that is changing the world. Consumerism, environmentalism, employeeism as the plus results . . . violence, the deterioration of the nuclear

family and youth cop-outs of every variety as the minus results . . . are only surface proof that 1975 is not 1955. In other words, Patty Hearst is no accident. If *people* are not taken into account in every one of your major public relations activities, including business-financial media relations, you are living in the past.

How, then, can anyone call you merely a communicator? You are *counseling* in every press release or speech or Annual Report you write or supervise when you select *this* material over *that*. How your company presents itself to its various publics is counseling in its purest form. Even if your area of expertise is *only* the business media, you must counsel wisely when your company or client speaks through this powerful means of reaching Wall Street, Washington, the investing public.

Black Eye for Business

Everyone is concerned today with the black eye that business is getting on every front. It is no comfort to know we are not alone; government, education, law, medicine and religion are all getting a kick in the pants.

Two years ago I helped form a small group, really a brain trust, to discuss the *why* of the present attacks on the business establishment. No lesser lights than Max Ways of *Fortune*, Leonard Silk of *The New York Times* editorial board, Roy Wilkins of the NAACP, Bob Bartley of *The Wall Street Journal*, Dr. William McGill of Columbia University, Victor Riesel, Irving Kristol, Dan Yankelovich and Sidney Jones of Washington were gathered together. The purpose was simple: to tap the thoughts of a number of good minds that have been shaped in the modern-day crucible.

You might be interested in what these men had to say basically. The first meeting probed the surface to find that the media were wanting; the second that the universities were wanting; the third that man himself was wanting. In the words of one: "The moral standards that made this country great are being washed away." Irving Kristol put it quite simply: "Much of what we see today in all areas of endeavor, especially business, is traceable to the erosion of religion."

Public Opinion Final Force

Well, you didn't come to get religion today. You want to know how to do your job better and I know our eight speakers are going to assist you. First, I'd like to introduce you to the thinking of one of the wisest men I've ever known, who happens to be the founder of the company for which I work. His wisdom is to a good degree a product of his cumulative experience, so in this era that worships youth, I'd like to put in a good word for the seasoning of age. John Hill predicted the recent recession long, long before Eliot Janeway or Leonard Silk. (His projections about the future of the United States are an eye-opener.)

But more to the point, he has many thoughts about this business we call our career.

"Business, which directly or indirectly provides the work and income for most of us," he writes in the new book *Critical Issues in Public Relations*, published by Prentice-Hall, "is the subject of much criticism just now. But to say that all business is bad is just as absurd as to say that it is all lily-pure. . . . If business wants to avoid penalizing legislation, it needs to set its house in order. . . . The great need is for a new concept of corporate communications based on the belief that a better educated, more sophisticated public is sick and tired of being fed pabulum. Candor and straightforward talk to people is the only way to achieve credibility, and that applies not only to business but also to government, education and anything else of public concern. . . . The greatest achievement I have seen in my lifetime is the growing recognition that you can't demolish or kill an idea with a gun or a bomb—that public opinion is the final all-controlling force in human society. But public opinion that is misinformed, misled or lied to can be a destructive force. Business needs to show, by policies and acts in the public interest and by speaking out clearly and convincingly to people, that it is worthy of their support and confidence. In my opinion, the survival of free enterprise will depend on how well this job is done."

I hope today's seminar will develop means you can use to that end.